

AMENDED IN ASSEMBLY JANUARY 26, 2006

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN ASSEMBLY JUNE 27, 2005

AMENDED IN SENATE MAY 25, 2005

AMENDED IN SENATE MAY 10, 2005

SENATE BILL

No. 912

Introduced by Senator Ducheny *Senators Ducheny and Runner*
(Principal coauthors: Senators Aanestad and Perata)
(Coauthor: Senator Chesbro)
(Coauthors: Assembly Members Aghazarian and De La Torre)

February 22, 2005

~~An act to amend Section 33000 of the Education Code, relating to the State Board of Education.~~ *An act to amend Section 14105.19 of the Welfare and Institutions Code, relating to Medi-Cal, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

SB 912, as amended, Ducheny. ~~State Board of Education: membership composition.~~ *Medi-Cal: provider reimbursement.*

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law requires the Director of Health Services, until January 1, 2007, to reduce by 5% Medi-Cal provider payments for Medi-Cal program services for dates of service on and after January 1, 2004. However, existing law makes this reduction inapplicable to Medi-Cal

program services provided between January 1, 2004, and December 31, 2005. Existing law also requires the director to make reductions in other specified programs, including payments made to managed health care plans.

This bill would eliminate the above reductions with respect to Medi-Cal program services for dates of service commencing 14 days after the effective date of the bill and ending on January 1, 2007, to the extent that federal financial participation is available for the increase provided for in these provisions. The bill would exempt from elimination the reduction in payments to managed health care plans.

The bill would state the intent of the Legislature that the department take all administrative steps necessary to implement expeditiously these provisions.

The bill would appropriate \$22,500,000 from the General Fund and \$25,800,000 from the Federal Trust Fund to defray the cost of eliminating the Medi-Cal reductions described above.

The bill would declare that it is to take effect immediately as an urgency statute.

~~Existing law requires that the 10 members of the State Board of Education be appointed by the Governor, with the advice and consent of $\frac{2}{3}$ of the Senate. Existing law authorizes a member to serve a 4-year term.~~

~~This bill would require that the members of the state board, as vacancies occur, be appointed by the Governor, with the advice and consent of the Senate and meet specified qualifications.~~

Vote: ~~majority~~ $\frac{2}{3}$. Appropriation: ~~no~~yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 14105.19 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 14105.19. (a) Due to the significant state budget deficit
- 4 projected for the 2003–04 fiscal year, and in order to implement
- 5 changes in the level of funding for health care services, the
- 6 Director of Health Services shall reduce provider payments as
- 7 specified in this section.
- 8 (b) (1) (A) Payments shall be reduced by 5 percent for
- 9 Medi-Cal program services for dates of service on and after
- 10 January 1, 2004. However, on the effective date of the act that

amended this paragraph during the 2005 Regular Session, the reduction described in this paragraph shall not apply with respect to Medi-Cal program services for dates of service from January 1, 2004, to December 31, 2005, inclusive.

(B) The reductions described in this subparagraph shall not apply with respect to Medi-Cal program services for dates of service commencing 14 days after the effective date of the act that added this subparagraph and ending on January 1, 2007, to the extent that federal financial participation is available for the increase provided for in this subparagraph. However, this subparagraph shall not apply to the reduction provided for pursuant to paragraph (3).

(2) Payments shall be reduced by 5 percent for non-Medi-Cal programs described in Section 14105.18, for dates of service on and after January 1, 2004.

(3) The payments made to managed health care plans shall be reduced by the actuarial equivalent amount of 5 percent at the time of the plan's next rate determination.

(4) Reductions to payments for durable medical equipment shall be made at the discretion of the director. If any reduction is made pursuant to this paragraph, the reduction may not exceed 5 percent.

(c) The services listed below shall be exempt from the payment reductions specified in subdivision (b):

- (1) Acute hospital inpatient services.
- (2) Federally qualified health clinic services.
- (3) Rural health clinic services.
- (4) Outpatient services billed by a hospital.
- (5) Payments to state hospitals or developmental centers.
- (6) Payments to long-term care facilities as defined by the department, including, but not limited to, freestanding nursing facilities, distinct-part nursing facilities, intermediate care facilities for developmentally disabled individuals, subacute care units of skilled nursing facilities, rural swing beds, ventilator weaning services, special treatment program services, adult day health care centers, and hospice room and board services.
- (7) Clinical laboratory or laboratory services as defined in Section 51137.2 of Title 22 of the California Code of Regulations.

1 (8) Contract services as designated by the Director of Health
2 Services pursuant to subdivision (e).

3 (9) Supplemental reimbursement provided pursuant to
4 Sections 14105.27, 14105.95, and 14105.96.

5 (10) Services provided on or after July 1, 2004, through the
6 California Children's Services Program pursuant to Article 5
7 (commencing with Section 123800) of Chapter 3 of Part 2 of
8 Division 106 of the Health and Safety Code, the Genetically
9 Handicapped Persons Program, pursuant to Article 1
10 (commencing with Section 125125) of Chapter 2 of Part 5 of
11 Division 106 of the Health and Safety Code, the Child Health
12 and Disability Prevention Program pursuant to Article 6
13 (commencing with Section 124025) of Chapter 3 of Part 2 of
14 Division 106 of the Health and Safety Code, the Multipurpose
15 Senior Services Program pursuant to Chapter 8 (commencing
16 with Section 9560) of Division 8.5, the Breast and Cervical
17 Cancer Early Detection Program established pursuant to Article
18 1.3 (commencing with Section 104150) of Chapter 2 of Part 1 of
19 Division 103 of the Health and Safety Code, and the breast
20 cancer programs specified in Section 30461.6 of the Revenue and
21 Taxation Code.

22 (11) Legend and nonlegend drugs dispensed by pharmacy
23 providers reimbursed pursuant to Section 14105.45, effective
24 September 1, 2004.

25 (d) Subject to the exception for services listed in subdivision
26 (c), the payment reductions required by subdivision (b) shall
27 apply to the services rendered by any provider who may be
28 authorized to bill for the service, including, but not limited to,
29 physicians, podiatrists, nurse practitioners, certified nurse
30 midwives, nurse anesthetists, and organized outpatient clinics.

31 (e) Notwithstanding Chapter 3.5 (commencing with Section
32 11340) of Part 1 of Division 3 of Title 2 of the Government
33 Code, the department may implement this section by means of
34 provider bulletin, or similar instruction, without taking regulatory
35 action.

36 (f) The department shall promptly seek all necessary federal
37 approvals in order to implement this section, including necessary
38 amendments to the state plan.

39 (g) This section shall remain in effect only until January 1,
40 2007, and as of that date is repealed, unless a later enacted

1 statute, that is enacted before January 1, 2007, deletes or extends
2 that date.

3 *SEC. 2. It is the intent of the Legislature that the State*
4 *Department of Health Services take all administrative steps*
5 *necessary to implement expeditiously the amendments to Section*
6 *14105.19 of the Welfare and Institutions Code contained in*
7 *Section 1 of this act.*

8 *SEC. 3. There is hereby appropriated to the State Department*
9 *of Health Services the following sums in order to defray the cost*
10 *of changes in Medi-Cal reimbursement rates created as a result*
11 *of the changes to Section 14105.19 of the Welfare and*
12 *Institutions Code pursuant to Section 1 of this act:*

13 *(a) The sum of twenty-two million five hundred thousand*
14 *dollars (\$22,500,000) from the General Fund, in augmentation of*
15 *Item 4260-101-0001 of Section 2.00 of the Budget Act of 2005*
16 *(Chapter 38 of the Statutes of 2005).*

17 *(b) The sum of twenty-two million eight hundred thousand*
18 *dollars (\$22,800,000) from the Federal Trust Fund, in*
19 *augmentation of Item 4260-101-0890 of Section 2.00 of the*
20 *Budget Act of 2005 (Chapter 38 of the Statutes of 2005).*

21 *SEC. 4. This act is an urgency statute necessary for the*
22 *immediate preservation of the public peace, health, or safety*
23 *within the meaning of Article IV of the Constitution and shall go*
24 *into immediate effect. The facts constituting the necessity are:*

25 *In order to ensure that Medi-Cal providers are adequately*
26 *compensated for their services at the earliest possible time, and*
27 *thereby ensure the integrity of the Medi-Cal program, it is*
28 *necessary that this act take effect immediately.*

29 ~~SECTION 1. Section 33000 of the Education Code is~~
30 ~~amended to read:~~

31 ~~33000. (a) There is in the state government a State Board of~~
32 ~~Education, consisting of 10 members, who are appointed by the~~
33 ~~Governor with the advice and consent of two-thirds of the~~
34 ~~membership of the Senate.~~

35 ~~(b) (1) Commencing January 1, 2006, as vacancies occur on~~
36 ~~the state board, appointments to the state board made pursuant to~~
37 ~~subdivision (a) shall include representatives from each of the~~
38 ~~following categories:~~

39 ~~(A) A public school teacher with experience teaching or~~
40 ~~working with English language learners in the public school~~

1 system, who is employed as a public school teacher at the time of
2 appointment:

3 (B) A classified employee of a school district.

4 (C) A professor of education employed by a postsecondary
5 educational institution.

6 (D) An onsite school administrator.

7 (E) A school district superintendent or an associate school
8 district superintendent.

9 (F) Three elected members of school district governing
10 boards.

11 (G) Two members of the general public.

12 (2) At least one member described in subdivision (a) shall be
13 selected from a school district that is located in one of the
14 counties listed in each of the following subparagraphs:

15 (A) Imperial and San Diego Counties.

16 (B) Orange, Riverside, and San Bernardino Counties.

17 (C) Los Angeles and Ventura Counties.

18 (D) Fresno, Inyo, Kern, Kings, Madera, Mariposa, Merced,
19 Mono, San Joaquin, Stanislaus, Tulare, and Tuolumne Counties.

20 (E) Alameda, Contra Costa, Marin, Napa, San Francisco, San
21 Mateo, Solano, and Sonoma Counties.

22 (F) Monterey, San Benito, San Luis Obispo, Santa Barbara,
23 Santa Clara, and Santa Cruz Counties.

24 (G) Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, El
25 Dorado, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc,
26 Nevada, Placer, Plumas, Sacramento, Shasta, Sierra, Siskiyou,
27 Sutter, Tehama, Trinity, Yolo, and Yuba Counties.

28 (e) When the membership of the state board is composed of
29 the members described in subdivision (b), subsequent vacancies
30 shall be filled so as to maintain the composition described in
31 subdivision (b).